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MILK MARKET INFORMATION BULLETIN  
CHATTANOOGA, TENNESSEE MARKETING AREA  
MAY 1968

U.S. DEPT. OF AGRICULTURE

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411  
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

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USDA AMENDS, EXPANDS CHATTANOOGA, TENNESSEE MILK ORDER

The U. S. Department of Agriculture has amended and expanded the Chattanooga, Tennessee, Federal milk marketing order, after a favorable vote by dairy farmers in which 99 percent of those voting approved. A two-thirds majority approval was required for the changes to be made effective. The amendment is based on evidence from a public hearing in Chattanooga, Tennessee, last November, requested by dairy farmers.

Effective August 1, the order area will be expanded to include the additional counties of Marion, Meigs, Monroe, Polk, Rhea and Sequatchie in Tennessee, and Catoosa, Chattooga, Dade, Fannin, Murray, Walker and Whitfield in Georgia. The present marketing area includes Bradley, Hamilton and McMinn counties in Tennessee.

The amended order will reduce the in-area route sales requirement for pool distributing plants, and lower the handler Class I butterfat differential. Also it revises provisions concerning receipts of packaged milk from unregulated plants, milk classification, milk shrinkage allowances, and producer-handler operations.

MARKET SUMMARY - MAY 1968

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$6.14 and Excess Milk - \$4.15. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 60 cents and 83 cents respectively above May 1967.

In May 1968, 73.2% of the producer milk received by pool plants was priced in Class I at \$6.56 per cwt. and 26.8% was priced in Class II at \$4.19 per cwt. The May butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during May 1968 was 19,808,403 pounds which is an increase of 853,049 pounds or 4.5% compared with May 1967. Deliveries of producer Base milk exceeded producer milk used in Class I by 2,965,899 pounds or percentagewise only 83.0% of Base milk was used in Class I. The May daily average deliveries from 535 producers was 1,194 pounds. This compares to 552 farms delivering a daily average of 1,108 pounds per day during May 1967.

JUNE DAIRY MONTH

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% May '68 over May '67	May 1968 11	Apr. 1968 11	May 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 4.5	638,981	653,999	611,463
Other Source	+ 9.1	27,989	27,687	25,664
Other Federal Orders	+ 180.0	138,998	122,377	49,648
TOTAL MILK RECEIPTS	+ 17.4	805,968	804,063	686,775
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 5.1	379,847	385,713	361,396
Skim - Regular	+ 25.9	20,314	20,987	16,141
Skim - 2% Milk	+ 5.9	39,156	37,925	36,962
Buttermilk	+ 10.5	44,763	44,499	40,506
Flavored Milk and Drink	+ 15.2	13,969	13,794	12,128
Creams (Sweet and Sour)	+ 6.8	3,375	3,126	3,160
Sub-Total - Pkg. Products (Pool Plants)	+ 6.6	501,424	506,044	470,293
Other (Shrinkage, Inventory, etc)		1,046	3,023	(1,484)
Sales to Non-Pool Plants		26,773	18,479	27,575
In-Area Sales by Non-Pool Plants		4,442	4,383	1,437
TOTAL CLASS I MILK	+ 7.2	533,685	531,929	497,821
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 18.4	47,631	49,758	40,221
Cottage Cheese	+ 10.7	36,090	38,067	32,609
Powdered and Condensed Milk		101,741	139,522	49,948
Livestock Feed and Skim Dumped		6,858	6,222	7,067
Sub-Total - Used to Produce	+ 48.1	192,320	233,569	129,845
Shrinkage Class II		11,265	12,029	9,319
Other (Inventory Variation, etc.)		(12,879)	(7,426)	5,289
Bulk Sales to Non-Pool Plants		81,577	33,962	44,501
TOTAL CLASS II MILK	+ 44.1	272,283	272,134	188,954
Class I Pounds in Area - Pool Plants	+ 3.6	298,466	302,114	288,051
Class I Pounds Out of Area - Pool Plants	+ 10.8	230,777	225,432	208,333
Class I Pounds in Area - Non-Pool Plants		4,442	4,383	1,437
% Producer Milk of Gross Class I		119.7	122.9	122.8
% Producer Milk Priced in Class I		73.2	72.5	75.0

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$1090.51(a) Amended</u>	<u>June '68</u>	<u>May '68</u>	<u>June '67</u>
Basic Formula 1/	\$4.33	\$4.33	\$4.05
Plus Class I Differential 2/	1.95	1.95	1.95
Supply-Demand Adjustment	0.16	0.28	0.16
Class I Price, 3.5% Butterfat	\$6.44	\$6.56	\$6.16

JUNE 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: March and April	
Supply: Lbs. Producer Milk (Mar. 18,508,679 and Apr. 19,619,975)	38,128,654
Demand: Lbs. Net Class I Milk (Mar. 17,087,826 and Apr. 15,826,389)	32,914,215
Utilization Percentage: Producer milk divided by Class I	116
Standard Utilization Percentage: Range 124-128	124
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 8
Supply-Demand Adjustment: 2 cents x 8 percentage points	Plus \$0.16

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969



COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES  
AND WEIGHTED AVERAGE PRICE

MAY 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		16,544,239	3.403		
Less Other Source		2,048,462	3.094		
Producer Milk Class I	73.2	14,495,777	3.446259	\$6.513783	\$ 944,223.46
Gross Class II		8,440,756	4.304		
Less Other Source		3,128,130	3.377		
Producer Milk Class II	26.8	5,312,626	4.850144	5.216109	277,112.36
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	19,808,403	3.822782		\$1,221,335.82
Less Fractional Adjustment					.01
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		346,453			17,699.88
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,211.26
TOTAL VALUE AT TEST		20,154,856	3.788229	\$6.183358	\$1,246,246.95
Less Test over 3.5% @ 8.2¢ per point		20,154,856	.288229	.236348	47,635.60
TOTAL UTILIZATION VALUE AT 3.5%		20,154,856	3.5	\$5.947010	\$1,198,611.35
Less Reserve Per \$1090.71(f)		20,154,856		.047010	
WEIGHTED AVERAGE PRICE - 3.5% TEST		20,154,856	3.5	\$5.90	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		346,453	3.5	\$5.90	20,440.73
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		19,808,403	3.5		\$1,178,170.62
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		2,346,727	\$4.19	\$98,327.86	
Total Value of Excess Milk		2,346,727	4.19	98,327.86	
Less Prod.-Settlement Fund Reserve @ 4¢		2,346,727	.04		938.69
UNIFORM EXCESS PRICE - 3.5% TEST		2,346,727	\$4.15		\$ 97,389.17
Total Value of Base Milk		17,461,676	6.184073		1,079,842.76
Less Producer-Settlement Fund Reserve		17,461,676	.044073		7,695.88
UNIFORM BASE PRICE - 3.5% TEST		17,461,676	\$6.14		\$1,072,146.88

MAY 1968 MINIMUM PRODUCER PRICES CWT. F.O. B. CHATTANOOGA POOL PLANTS  
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.73	\$3.74	4.0	\$6.55	\$4.56	5.0	\$7.37	\$5.38
3.05	5.771	3.781	4.05	6.591	4.601	5.05	7.411	5.421
3.1	5.812	3.822	4.1	6.632	4.642	5.1	7.452	5.462
3.15	5.853	3.863	4.15	6.673	4.683	5.15	7.493	5.503
3.2	5.894	3.904	4.2	6.714	4.724	5.2	7.534	5.544
3.25	5.935	3.945	4.25	6.755	4.765	5.25	7.575	5.585
3.3	5.976	3.986	4.3	6.796	4.806	5.3	7.616	5.626
3.35	6.017	4.027	4.35	6.837	4.847	5.35	7.657	5.667
3.4	6.058	4.068	4.4	6.878	4.888	5.4	7.698	5.708
3.45	6.099	4.109	4.45	6.919	4.929	5.45	7.739	5.749
3.5	6.14	4.15	4.5	6.96	4.97	5.5	7.78	5.79
3.55	6.181	4.191	4.55	7.001	5.011	5.55	7.821	5.831
3.6	6.222	4.232	4.6	7.042	5.052	5.6	7.862	5.872
3.65	6.263	4.273	4.65	7.083	5.093	5.65	7.903	5.913
3.7	6.304	4.314	4.7	7.124	5.134	5.7	7.944	5.954
3.75	6.345	4.355	4.75	7.165	5.175	5.75	7.985	5.995
3.8	6.386	4.396	4.8	7.206	5.216	5.8	8.026	6.036
3.85	6.427	4.437	4.85	7.247	5.257	5.85	8.067	6.077
3.9	6.468	4.478	4.9	7.288	5.298	5.9	8.108	6.118
3.95	6.509	4.519	4.95	7.329	5.339	5.95	8.149	6.159

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
May '67	\$5.33 <sup>2/</sup>	\$5.54	\$3.32	8.2¢	\$6.00	8.6¢	\$3.36	7.6¢
June	5.47 <sup>2/</sup>	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 <sup>2/</sup>	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan. '68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 <sup>2/</sup>	5.81	3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 <sup>2/</sup>	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	5.90 <sup>2/</sup>	6.14	4.15	8.2	6.56	8.6	4.19	7.6
June	-	-	-	-	6.44	8.6	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula <sup>4/</sup>	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
May '67	66.47	3.96	19.44	4.05	458,593	3.51	152,870	5.28
June	66.47	3.96	19.47	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan. '68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95
May	66.44	4.19	22.62	4.33	467,606	3.45	171,375	4.85

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <sup>3/</sup>			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
May '67	9	686,775	497,821	552	611,463	553,010	3.96	1,108	1,002	106
June	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan. '68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148
May	11	805,968	533,685	535	638,981	563,280	3.82	1,194	1,053	141

<sup>1/</sup> Excludes Premiums<sup>2/</sup> Weighted Average Price<sup>3/</sup> Other Source is Gross minus Producer; Class II is receipts minus Class I<sup>4/</sup> Basic Formula "floor" per Order Amendments



FEDERAL MILK ORDER PROGRAM <sup>1/</sup>

During 1967, about 141,000 farmers delivered milk to handlers regulated by 74 Federal milk marketing orders. These producers delivered 53.7 billion pounds of milk. The markets in which orders were operative varied from the metropolitan areas of New York-New Jersey to relatively small urban centers such as Sioux City, Iowa.

At the beginning of 1968 about 114 million Americans were getting their milk supply through handlers whose operations came under the 74 Federal milk marketing orders. The marketing order areas include most of the Nation's major population centers.

The dairy farmer is assured of a reasonable minimum price for his milk throughout the year. This enables him to make long-range plans and justifies his heavy investment in equipment necessary to produce high-quality milk.

The program helps assure consumers of an adequate supply of milk to meet their needs throughout the year, and helps prevent wild fluctuations in price through periods of heavy and light milk production.

The dealer is assured his competitors pay for their milk at not less than the floor set by the order, and that all must conform to similar marketing practices. The dealer then can expect steady supplies of milk the year round, and can work toward building his distribution.

<sup>1/</sup> Source: USDA-C&MS Marketing Bulletin 27

NUMBER OF FARM PAYROLL ACCOUNTS

	<u>1967</u>								<u>1968</u>				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
New	0	2	1	3	9	7	5	1	3	2	0	0	2
Quit	3	2	4	4	6	8	6	2	5	7	2	3	3
Total	552	552	549	548	551	550	549	548	546	541	539	536	535

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATIONJANUARY THRU MAY

1968	Producer Milk	93,238,374 lbs. up 2.9% from 1967
1967	Producer Milk	90,632,563 lbs.
1968	Gross Class I	84,023,981 lbs. up 10.5% from 1967
1967	Gross Class I	76,025,049 lbs.
1968	Gross Class II	33,002,876 lbs. up 29.6% from 1967
1967	Gross Class II	25,458,250 lbs.

0 10 20 30 40 50 60 70 80 90 100  
(Million Pounds)

UNITED STATES DEPARTMENT OF AGRICULTURE  
Consumer and Marketing Service  
Dairy Division  
CHATTANOOGA, TENNESSEE MARKETING AREA  
Federal Order No. 90

June 6, 1968

TO: CHATTANOOGA AREA MILK PRODUCERS AND HANDLERS

DAIRY COUNCIL AND AMERICAN DAIRY ASSOCIATION DEDUCTIONS

A request, quoted below, was received by the Market Administrator from the Tennessee Valley Milk Producers, Inc. It was requested that all producers supplying milk to the Chattanooga area handlers be given an opportunity to continue contributing to the American Dairy Association and Dairy Council agencies.

"At the May 28, 1968 Board meeting of Tennessee Valley Milk Producers, Inc., the following resolution was passed.

The Tennessee Valley Milk Producers, Inc. requests the Market Administrator, Federal Order Number 90, to make a determination as to whether or not there is any appreciable opposition to making deductions from the producers' milk checks in support of the American Dairy Association and Dairy Council. We further request the Market Administrator to give consideration to the Association's policies of supporting the Dairy Council and American Dairy Association's regular programs, as well as special programs.

Both of these programs are very important to the welfare of the dairy farmers in the Chattanooga area. We would appreciate your making a determination and notifying the Association as quickly as possible."

The Market Administrator has made a review of current producer deductions and the request of the Association representing certain Chattanooga area producers. By these and other means, as in accordance with the Secretary's instructions, it is hereby determined there is no significant opposition by area milk producers to making deductions for the support of these programs.

It is now possible as a result of this determination for Chattanooga Area handlers to cooperate with American Dairy Association and Dairy Council programs by making specific hundredweight deductions (1¢ DC and 2¢ ADA) from payments to milk producers, provided the handler gives each producer advance notice of his intentions to make these deductions for one year beginning July 1968. All handlers are advised not to make a deduction if a producer writes requesting that no such deduction be made. My auditors will examine all letters which producers send handlers regarding these deductions. We will also verify that the proper agency receives all money deducted for its support from producer payments.

J. B. McCroskey  
Market Administrator